Panel II.D – LNG Facilities
Facilities Required to Receive LNG Supplies in Southern California

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Overview

- Analysis Methodology
- Cost Factors
- Assumptions
- Costs

Analysis Methodology

- Must be able to move New Supplies to demand centers in real time and keep system in balance
  - What comes in = must go out (to storage or to burn)
  - New flowing supplies will displace current flowing supplies daily
- Facility improvements that are required, allow the new supply sources to move demand centers and balance the system

Cost Factors for facility improvements:

- Location
- Volume
- Whether new supply capacity adds to the existing 3875 mmcfd receipt point capacity (Incremental) or is allowed to displace existing sources such that the 3875 mmcfd total does not increase

Key Assumptions:

- Costs are preliminary factored estimates
  - They do not include route analysis

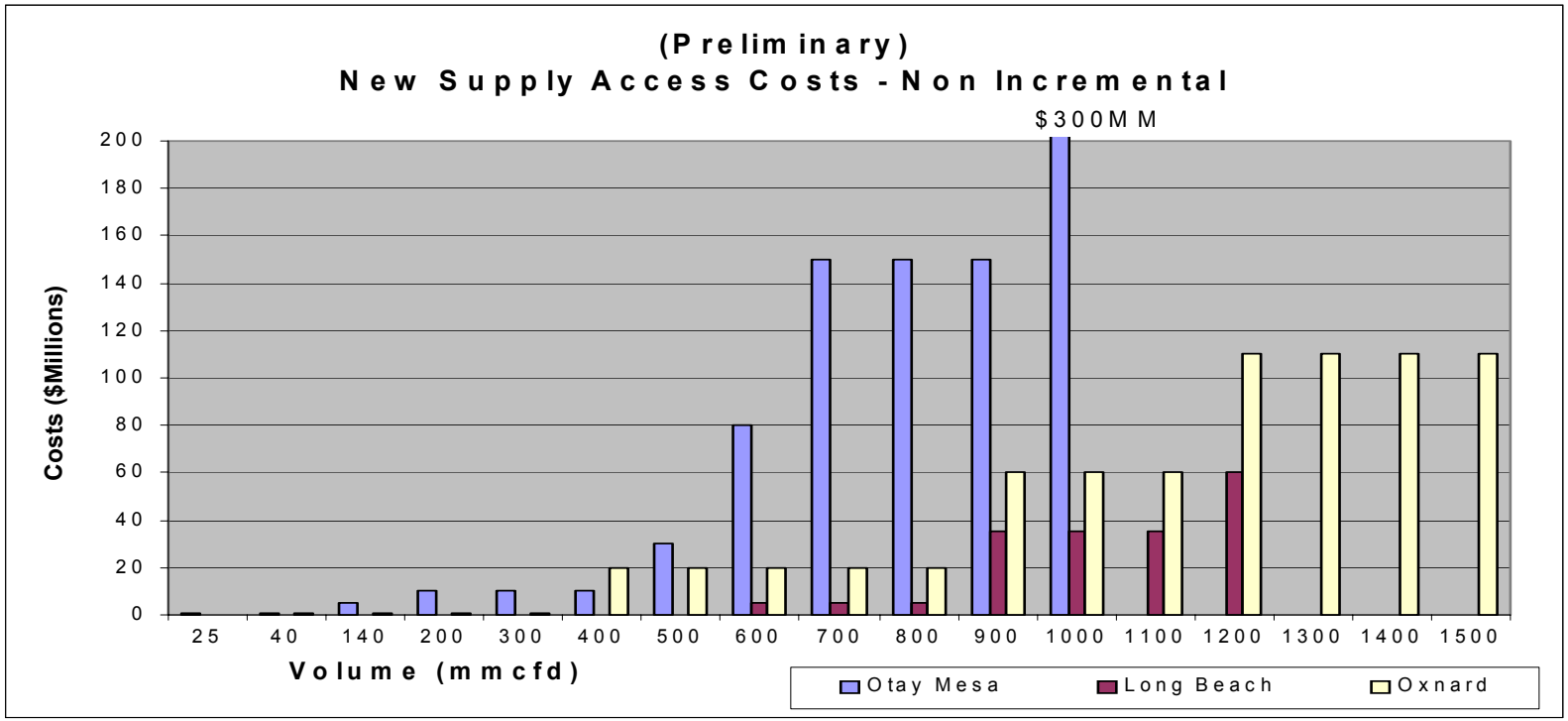
- Costs are for facilities improvements from point of receipt on SoCalGas/ SDG&E
  - They do not include costs of facilities to move gas from terminals to the SoCalGas/ SDG&E system

Key Assumptions (cont.):

- Assumed delivery pressures sufficient to enter system
  - Costs do not include any compression equipment that may be required

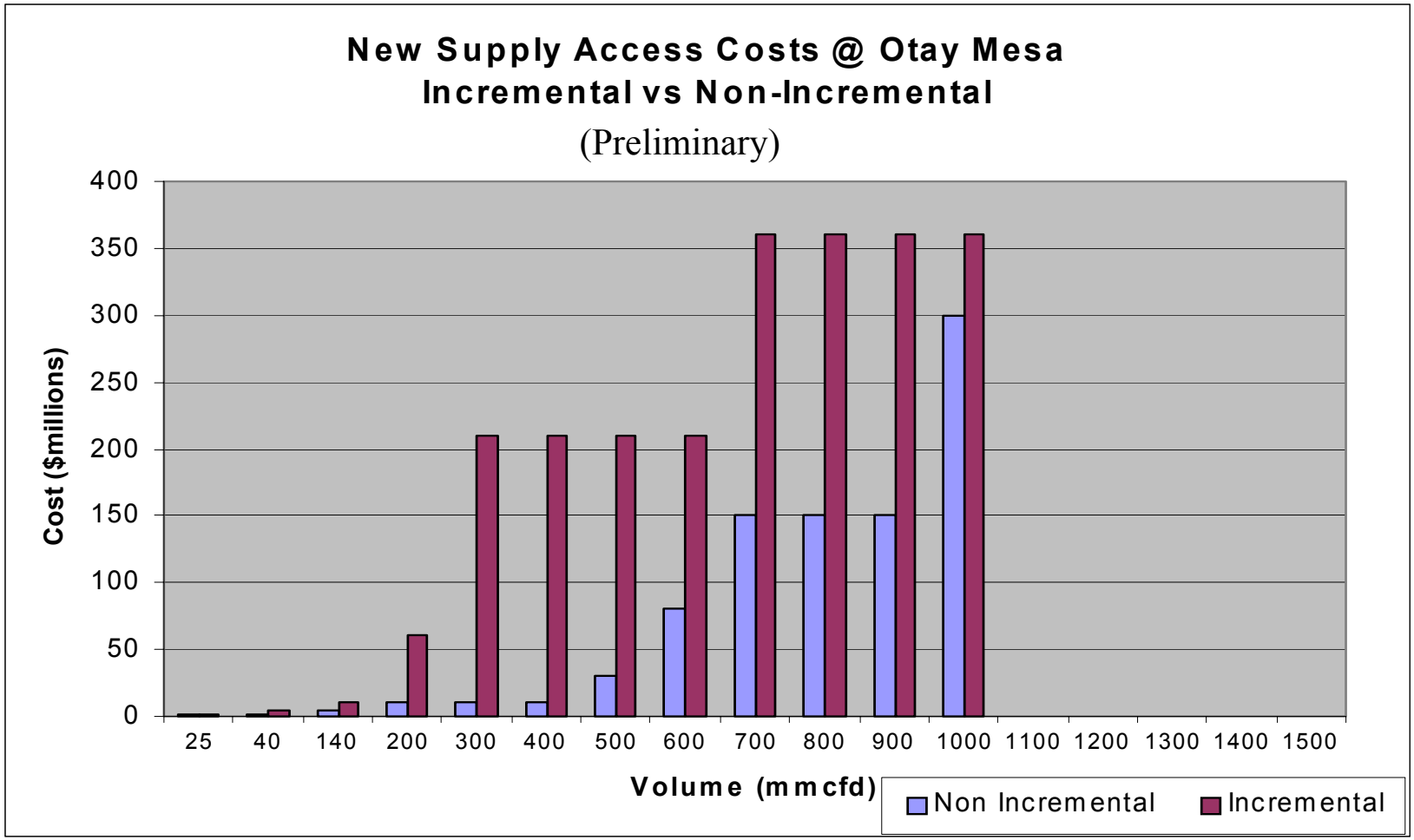
- Costs developed on a single project basis
  - Costs to accept multiple projects likely to exceed (substantially) costs of individual projects combined

New Supply Access Costs

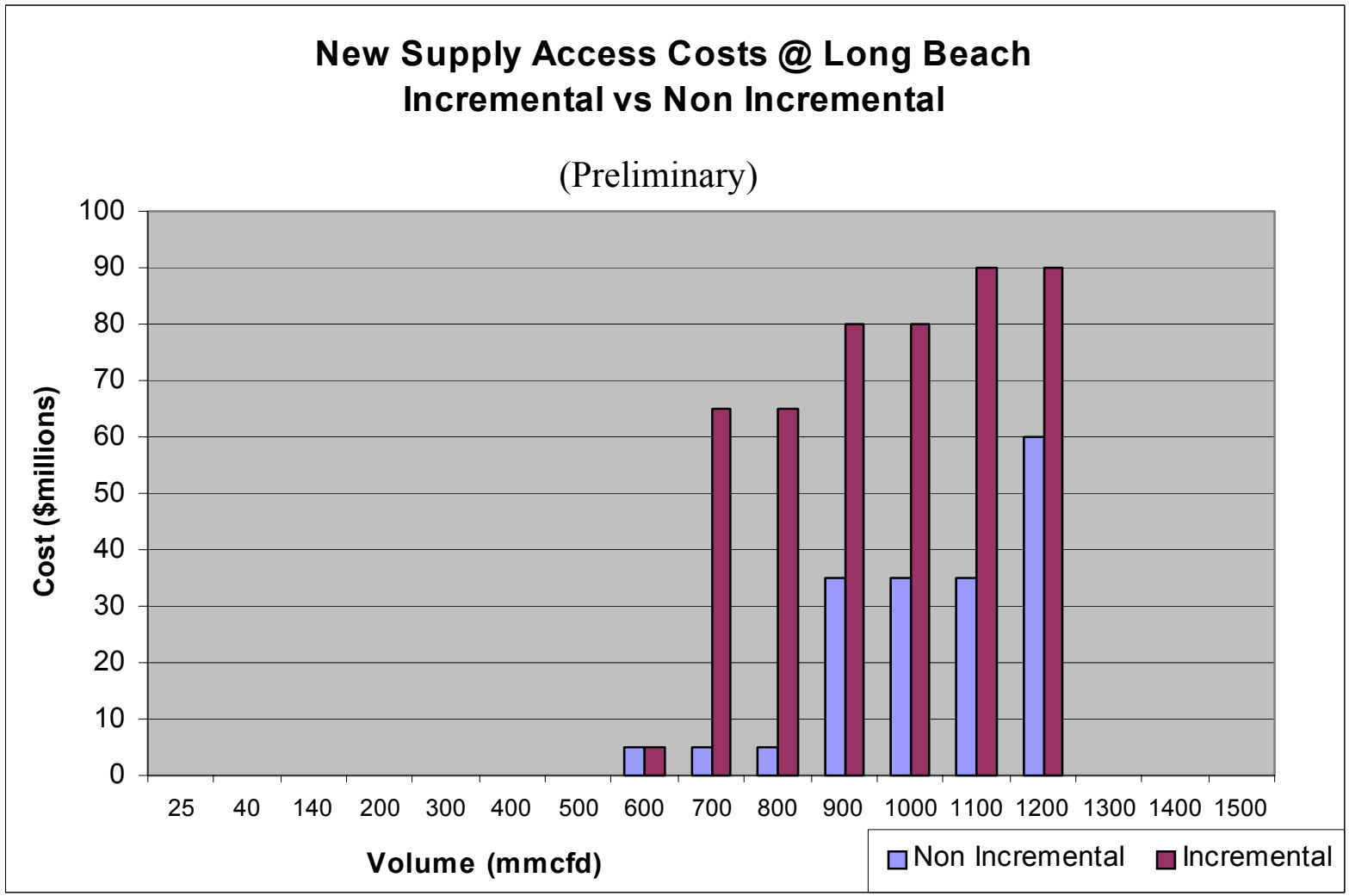


- Not Incremental
- New sources do not add to the existing 3875 mmcfd receipt point capacity and are allowed to displace existing sources
- Costs Increase Substantially if New Supply Capacity is in Addition to Existing Receipt Point Capacity

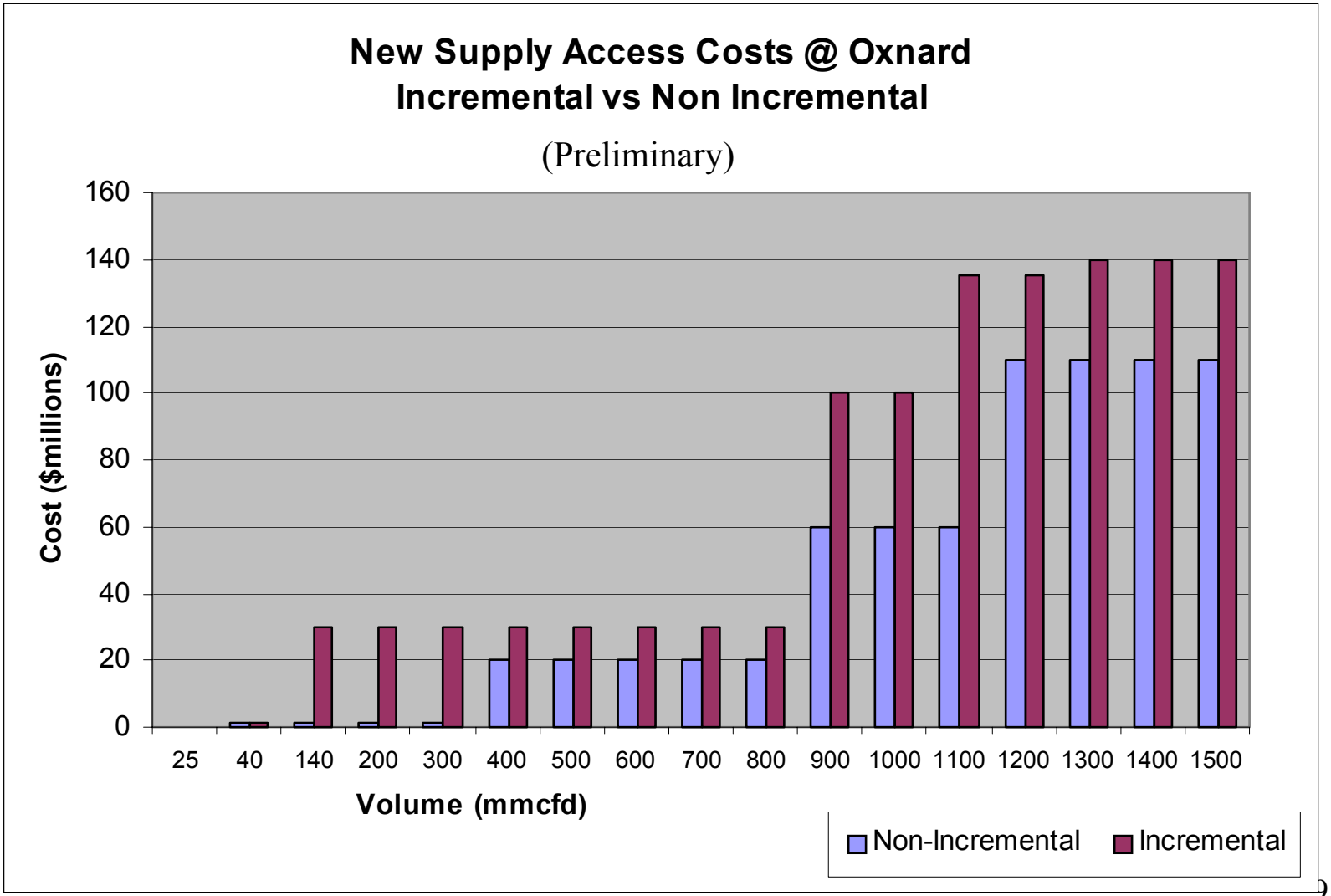
Otay Mesa New Supply Access Costs



Long Beach New Supply Access Costs



Oxnard New Supply Access Costs



Summary

- A significant amount of receipt point capacity can be added for relatively modest cost if new receipt point capacity is allowed to displace and compete for existing pipeline capacity (total remains at 3875 mmcfd)

- Magnitude of Costs depend on location, volume, and whether new supply capacity is allowed to displace existing sources such that the 3875 mmcfd total receipt point capacity remains the same, or adds to the existing receipt point capacity (i.e. incremental)